

805 KAR 1:010. General information associated with oil and gas permits.

RELATES TO: KRS 349.120 353.550, 353.735-353.747

STATUTORY AUTHORITY: KRS 349.040, 353.540, 353.570, 353.590, 353.745

NECESSITY, FUNCTION, AND CONFORMITY: KRS 353.540 authorizes the department to promulgate administrative regulations to administer KRS 353.500 to 353.720. KRS 353.570 requires a person to obtain a permit prior to drilling, deepening, or reopening a well. KRS 353.590 requires a bond be posted with a permit application. KRS 349.040 requires a person to obtain a permit prior to drilling, deepening, converting, or reopening a well. KRS 349.120 requires a bond be posted with a permit application for coalbed methane wells. KRS 353.745 authorizes the Division of Oil and Gas to charge a fee, not to exceed fifty (50) dollars, to provide funds to meet the requirements of KRS 353.735 to 353.747. This administrative regulation provides general information concerning the submittal of permit application, bond submittal, directional and inclination surveys, and establishes the fee and details to whom the fee applies and the appropriate time for submittal.

Section 1. (1) General Permit Application Requirements. A person shall not drill, deepen, or reopen an oil or gas well without first obtaining a permit from the division pursuant to KRS 353.570 or KRS 349.040. Each person who intends to engage in oil and gas operations shall file with the division a complete, accurate, and notarized Application for Permit, Form OG-1.

(2) Application Review.

(a) The Department shall review the Application for Permit, Form OG-1 for administrative and technical completeness and compliance with:

1. 805 KAR Chapter 1 for all wells; and
2. KRS Chapter 353 for production wells; or
3. KRS Chapter 349 for coalbed methane wells.

(b) If the application is administratively or technically incomplete, the division shall notify the applicant after review of the application of the deficiencies that render the application incomplete.

(c) The applicant shall submit supplemental information to correct the identified deficiencies within thirty (30) days after notification of the deficiencies.

(d) If, after thirty (30) days, the application is still incomplete, the division may return the incomplete application to the applicant with written notification of the reasons for the determination.

(3) Review of violations.

(a) After the application has been determined to be administratively and technically complete, the division shall perform a compliance review of the application and the applicant pursuant to KRS 353.572. The division shall not approve an application for permit if the application or the applicant is not in complete compliance with KRS 353.572.

(b) During the compliance review, the division shall review the readily available compliance information related to the application and the applicant.

(c) The division shall notify the applicant in writing if the application is not approved.

(4) Final Determination. Once the division determines that the application is administratively and technically complete and has not found compliance violations, a permit authorization shall be issued.

(5) Bonding Requirements.

(a) As part of the permit application required by subsection (1) of this section, the applicant shall submit a bond in an amount required by KRS 353.590(7) for production wells or KRS 349.120 for coalbed methane wells.

(b) Operators that secure a surety bond to satisfy the requirements of this subsection shall comply with the requirements of 805 KAR 1:050.

Section 2. Directional and Inclination Surveys. The operator of a well drilled in an active mining area or through a workable coal bed that is not in an active mining area shall submit to the division the results of the directional or inclination survey required by KRS 353.739(1) within thirty (30) days from the drilling of the well.

Section 3. Fee Submittal. (1) Each application for an oil or gas permit shall be accompanied by a fee of fifty (50) dollars for each application for an oil or gas permit in addition to the fee required in KRS 353.590(2) or KRS 349.040(3).

(2) All required fees shall be submitted to the division in the form of a personal check, cashier's check, or money order payable to the Kentucky State Treasurer. A permit application shall not be processed unless the application fee has been paid.

(3) All fees shall be for the sole use of the Division of Oil and Gas in the administration of its programs and shall be in addition to money appropriated by the General Assembly for the use of the division.

Section 4. Recordkeeping. Within ninety (90) days of completion of the drilling of a well, the operator shall file the "Affidavit of Well Log and Completion Report, form OG-3.

Section 5. Testing Permits. (1) An owner or operator may investigate an abandoned oil or gas production well for the purposes of testing after having submitted:

(a) A completed and notarized application "Testing Permit Application" Form OG-42; and

(b) A twenty-five (25) dollar fee pursuant to KRS 353.730.

(2) The division shall approve a testing permit for a period of up to sixty (60) days. If the well is not tested within the testing period, a new application and fee shall be submitted.

(3) At the conclusion of the testing period, the applicant shall submit a completed and notarized "Report of Investigation for Testing Permit" Form OG-43 to the division.

(a) If the applicant wishes to assume ownership for the well, a bond shall be filed in accordance with KRS 353.590(7); or

(b) If the applicant does not wish to assume ownership of the well, then the well shall be closed at the surface with a valve or swedge assembly installed on the casing head.

(4) All fees shall be for the sole use of the Division of Oil and Gas in the administration of its programs and shall be in addition to money appropriated by the General Assembly for the use of the cabinet.

Section 6. Incorporation by Reference. (1) The following material is incorporated by reference:

(a) "Application for Permit", Form OG-1, June 2019;

(b) "Well log and Completion Report", Form OG-3, October 2019;

(c) "Testing Permit Application", Form OG-42, June 2019; and

(d) "Report of Investigation for Testing Permit", Form OG-43, June 2019.

(2) This material may be inspected, copied, or obtained, subject to applicable copyright law, at the Division of Oil and Gas, 300 Sower Boulevard, Frankfort, Kentucky 40601, Monday through Friday, 8 a.m. to 4:30 p.m., Eastern Prevailing Time. (36 Ky.R. 193; 789; 1024; eff. 10-23-2009; Crt eff. 6-27-2018; Recodified from 805 KAR 001:200, eff. 7-10-2019; 46 Ky.R. 697, 1521, 2077; eff. 2-3-2020.)